Rehabilitation of sick industrial units

1713. SHRI DHULESHWAR MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up a Board for Industrial and Financial Reconstruction to deal with the rehabilitation of sick industrial units;

(b) if so, what are the powers to be vested in this Board to adopt necessary preventive and ameliorative measures;

(c) what are the guidelines issued by Government to the banks and financial institutions to rehabilitate the sick units and also to dispose them of under normal banking procedures in case of their non-viability; and

(d) what is the total number of large and medium scale units which are reported to be sick and the total funds of banks and financial institutions outstanding against them as per the latest information available with Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARY): (a) Yes, Sir.

(b) Government has introduced a Bill titled 'The Sick Industrial Companies (Special Provisions) Bill, 1985' in Lok Sabha during the last session of Parliament which, *inter alia*, provides for the setting up of a Board for Industrial and Financial Reconstruction. The Bill envisages that the Board can (a) make enquiries to determine whether a company has become a sick industrial company; (b) appoint special directors; (c) get rehabilitation schemes drawn up; (d) sanction rehabilitation schemes; (e) sanction amalgamation of a sick industrial company with another company; (f) refer cases for winding up to the High Court, etc. The Board shall be deemed to be a civil court for the purposes of certain provisions of the Code of Criminal Procedure, 1973 and the Indian Penal Code. The powers of the Central Government under section 72A of the Income Tax Act, 1961 to give tax benefit to the transferee industrial company in cases of amalgamation are also conferred on the Board. As provided in the Bill, the Board is empowered to regulate its own procedure and conduct of business.

(c) Reserve Bank of India (RBI) has issued instructions/guidelines from time to time in regard to strengthening of monitoring systems for early identification of sickness in industrial units, determination of the viability of the units showing signs of sickness and rehabilitation of the viable sick units. Banks and financial institutions draw up rehabilitation programmes in respect of the potentially viable units on case to case basis. The rehabilitation programmes may include various concessions/reliefs such as funding of overdue interest, reduction in rates of interest, lower margins, re-scheduling of past dues, etc. In the case of non-viable units, the banks may recall the advances and take recourse to legal measures for recovering their dues.

(d) As per the provisional figure available from RBI, as at the end of December, 1984, there were 1832 large and medium scale sick industrial units with an outstanding credit of Rs. 2758.70 crores from banking system. As at the end of December, 1984, total number of sick industrial units in the assistance portfolio of financial institutions (Industrial Development Bank of India, Industrial Finance Corporation of India, Industrial Credit & Investment Corporation of India and Industrial Reconstruction Bank of India) was 668 with outstanding amount of Rs. 911.24 crores involved in them.